

Housing Methodology Committee
MetroCenter - 101 8th Street, Oakland, CA
Claremont Room, 2nd Floor

Meeting - May 25, 2006
12:00 noon – 2:00 p.m.

REVISED

	<u>Time (approx.)</u>
1. CALL TO ORDER/INTRODUCTIONS	
2. OVERVIEW:	
A. Housing – RHNA/FOV/Projections 2007	5 Minutes
B. Overview of RHNA	15 Minutes
3. Committee Procedures	5 Minutes
4. Subregions: Formation and Responsibilities	20 Minutes
5. Break	5 Minutes
6. Data Collection for Methodology Factors	20 Minutes
7. Specific Areas of Concern from Committee Members	20 Minutes
8. Schedule of Meetings and Proposed Topics	15 Minutes
9. Public Comment	15 Minutes
10. Adjournment	

AGENDA ITEM #2 – OVERVIEW

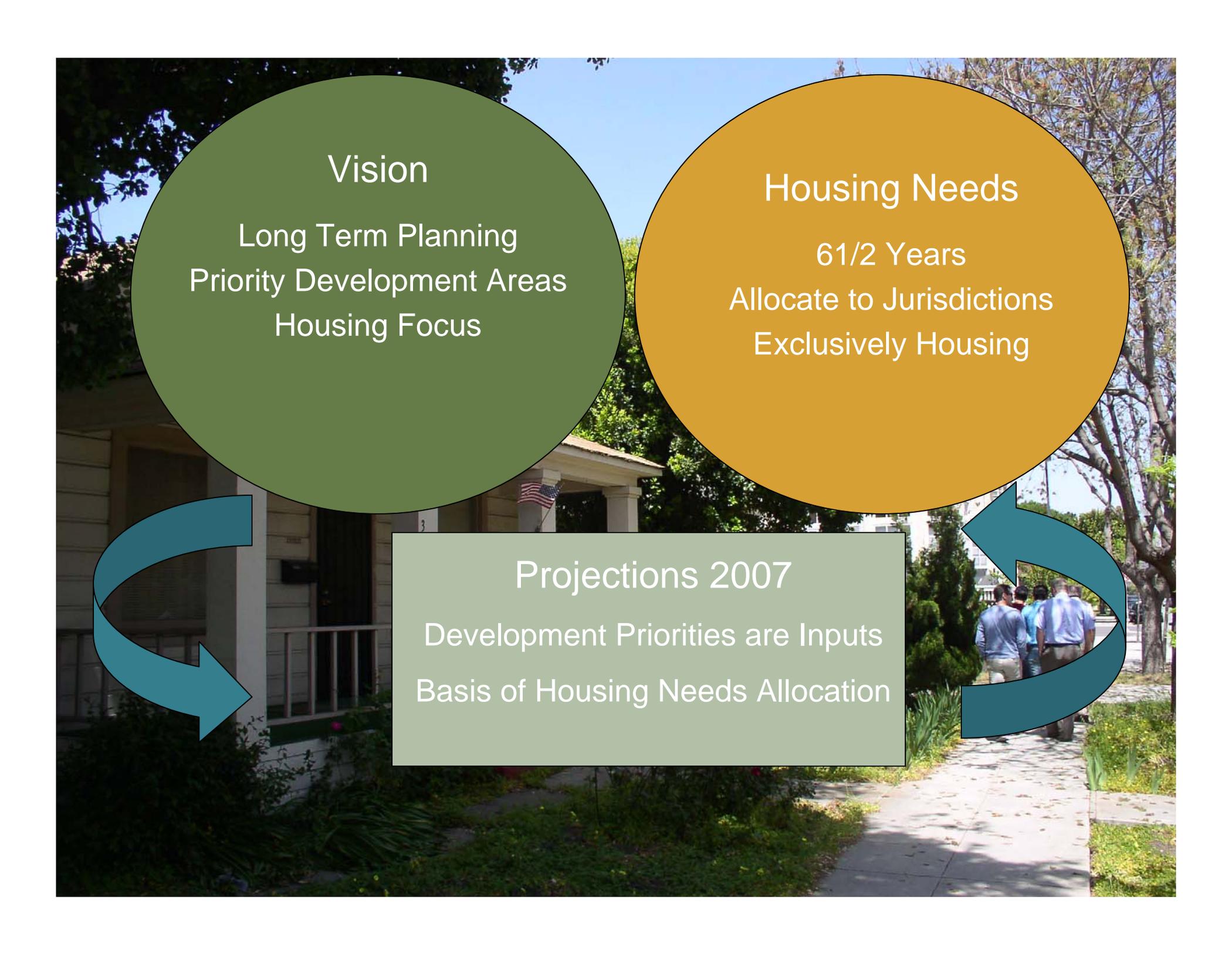
A. HOUSING – RHNA/FOV/PROJECTIONS 2007

POWERPOINT PRESENTATION

The Relationships Between
Current Regional Efforts

Focusing Our Vision
Projections 2007
Regional Housing Needs

Paul Fassinger
Research Director
ABAG
May 25, 2006



Vision

Long Term Planning
Priority Development Areas
Housing Focus

Housing Needs

6 1/2 Years
Allocate to Jurisdictions
Exclusively Housing



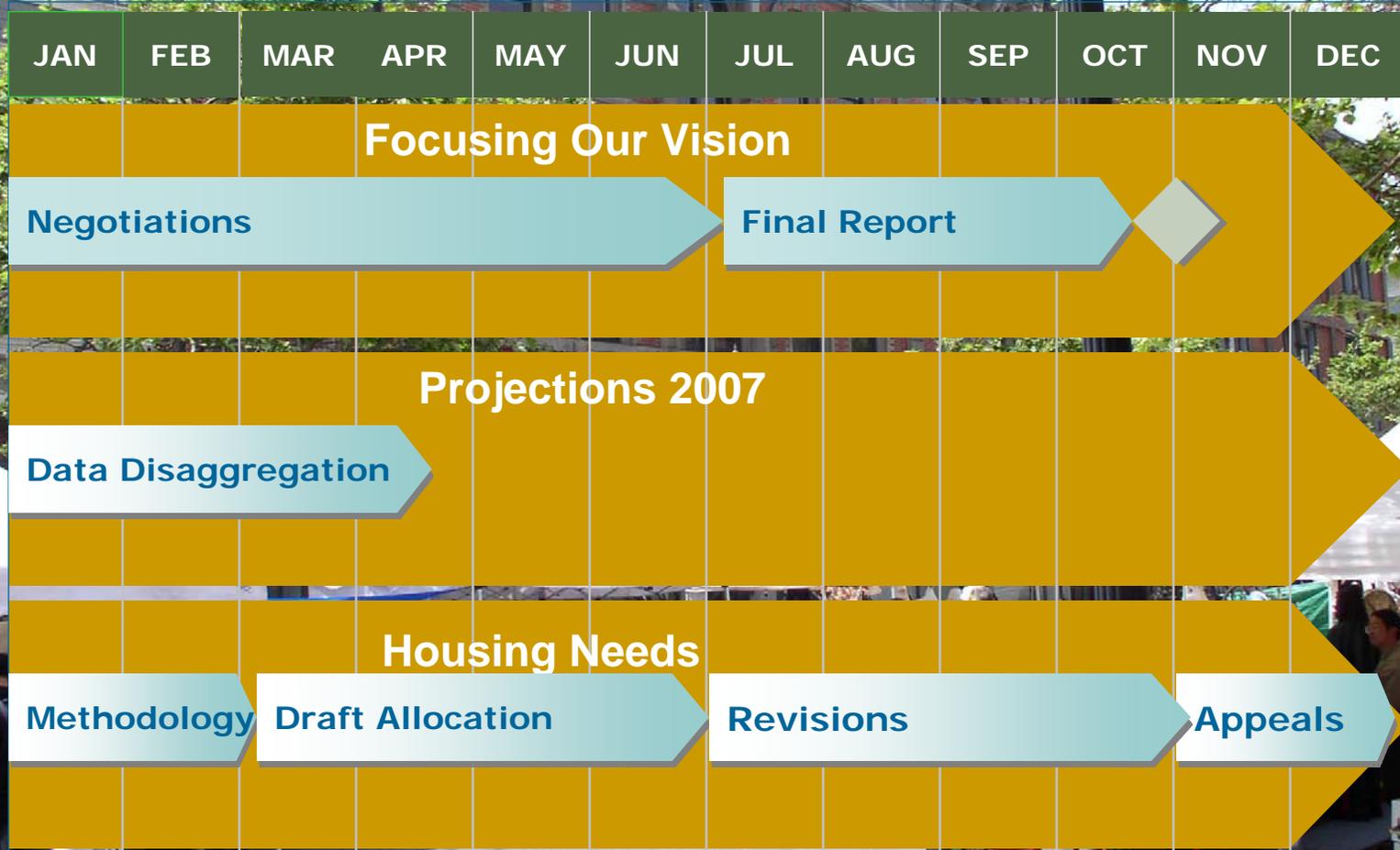
Projections 2007

Development Priorities are Inputs
Basis of Housing Needs Allocation

Regional Efforts 2006



Regional Efforts 2007





Land Use Information

Existing Land Use

General Plans

Development Pipeline

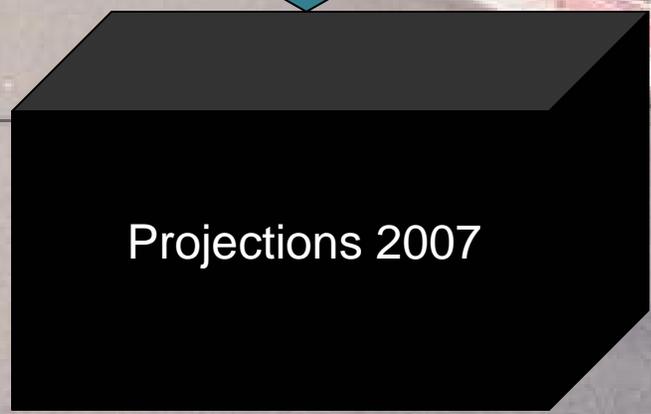
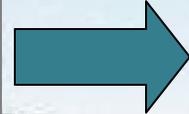
Smart Growth Vision

Revisions to Vision

Projections 2007

Data Update Process

- Individual Jurisdictions
 - Plans
 - Existing Land Use
 - Smart Growth Vision
- County Groups
 - Existing Land Use
 - Smart Growth Vision



Joint Meetings between
TAC and Housing
Methodology Committee?

Other Information
That Would be
Appropriate?

Other Linkages ?

AGENDA ITEM #2 – OVERVIEW

B. OVERVIEW OF RHNA – POWERPOINT PRESENTATION

Housing Methodology Committee



Paul Fassinger
ABAG Research Director
May 25, 2006



This is the 4th Regional
Housing Needs Determination.

It is an effort of state
and local government

The overall objective is to
meet the state's housing goal:

*Housing for all Californians
including farmworkers*



The State Department of Housing and Community Development is Required to Identify the Housing Need for Each Region in the State

The Council of Governments allocates a share of the regional need to each city and county.

Local Jurisdictions Update their Housing Elements

Housing Methodology Committee

Regional Need Assigned by State
Allocation Among Local Jurisdictions
Sub-regional Allocation Issues

Staff

Executive Board





Committee Composition

3 Members from Each County

Mix of Electeds and Staff

6 Stakeholder Members

Open Meetings

**Consensus
Recommendations**



State Provides Regional Need
Number of Housing Units
By Affordability Category

The Region Adopts a
Method and Allocates
Housing Units to Each
Jurisdiction

Sub-Region

Individual Cities
and Counties
Revise their
Housing
Elements

Housing Needs 2006

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

Housing Needs

Data Collection

Draft Methodology

Vine

COLDWELL BANKER REAL ESTATE

COLDWELL BANKER REAL ESTATE

COLDWELL BANKER REAL ESTATE

Housing Needs 2007

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

Housing Needs

Methodology

Draft Allocation

Revisions

Appeals



Housing Needs 2008

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

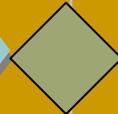
DEC

Housing Needs

Appeals

Proposed Allocation

Housing Elements



Housing Needs 2009

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

Housing Needs

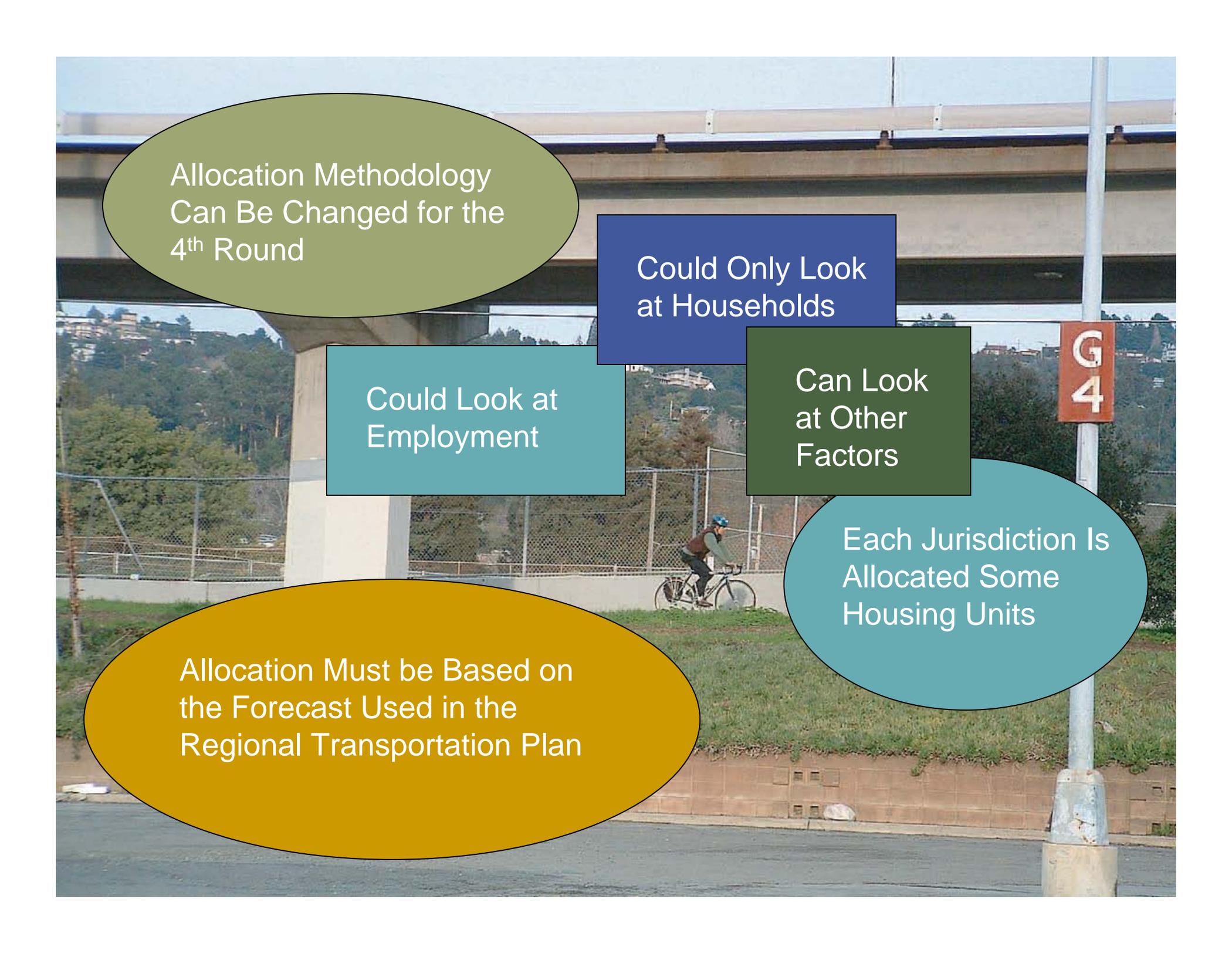
Housing Elements



RHNA Allocation
Methodology 1999-2006

Use a 50% jobs /
50% household
weighted ratio to
address jobs / housing
issues in the region

$$\left(\begin{array}{l} \text{Share of} \\ \text{Household} \\ \text{Growth} \end{array} \times 50\% + \begin{array}{l} \text{Share of} \\ \text{Employment} \\ \text{Growth} \end{array} \times 50\% \right) \times \begin{array}{l} \text{HCD's} \\ \text{Regional} \\ \text{Need} \end{array} = \begin{array}{l} \text{Jurisdictional} \\ \text{Need} \end{array}$$

The background image shows a multi-level highway interchange. A cyclist wearing a blue helmet and a brown vest is riding a road bike on a grassy embankment. To the right, a signpost has a red sign with a white 'G' above a white '4'. The sky is clear and blue.

Allocation Methodology
Can Be Changed for the
4th Round

Could Only Look
at Households

Could Look at
Employment

Can Look
at Other
Factors

Each Jurisdiction Is
Allocated Some
Housing Units

Allocation Must be Based on
the Forecast Used in the
Regional Transportation Plan

AGENDA ITEM #4

SUBREGIONS: FORMATION & RESPONSIBILITIES

POWERPOINT PRESENTATION

An aerial photograph of a region, likely a river valley, showing a winding river and various subregions. The text is overlaid on the image. The river is dark blue, and the surrounding land is a mix of green, yellow, and brown, indicating different vegetation or land use types. The text is in a bold, white, serif font with a slight shadow effect.

REGIONAL HOUSING NEEDS ALLOCATION

SUBREGIONS

OVERVIEW

- Relationship between ABAG and subregions will be defined by:
 - *Statute - Govt. Code Secs. 65584-65584.05*
 - *HCD Extension Letter (5/29/05)*
 - *Delegation Agreement between ABAG and each subregion*
- ABAG and subregions will conduct parallel processes that intersect at key points

GOVERNMENT CODE SECTION 65584

(a) At least 28 months prior to the scheduled housing element update required by Section 65588, at least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to Section **65584.04**. The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion. A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments. All decisions of the subregion shall be approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties. (b) Upon formation of the subregional entity, the entity shall notify the council of governments of this formation. If the council of governments has not received notification from an eligible subregional entity at least 28 months prior to the scheduled housing element update required by Section 65588, the council of governments shall implement the provisions of Sections **65584** and **65584.04**. The delegate subregion and the council of governments shall enter into an agreement that sets forth the process, timing, and other terms and conditions of the delegation of responsibility by the council of governments to the subregion. (c) At least 25 months prior to the scheduled revision, the council of governments shall determine the share of regional housing need assigned to each delegate subregion. The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan. Prior to allocating the regional housing needs to any delegate subregion or subregions, the council of governments shall hold at least one public hearing, and may consider requests for revision of the proposed allocation to a subregion. If a proposed revision is rejected, the council of governments shall respond with a written explanation of why the proposed revised share has not been accepted. (d) Each delegate subregion shall fully allocate its share of the regional housing need to local governments within its subregion. If a delegate subregion fails to complete the regional housing need allocation process among its member jurisdictions in a manner consistent with this article and with the delegation agreement between the subregion and the council of governments, the allocations to member jurisdictions shall be made by the council of governments.



Department of Housing & Community Development Letter



STATE OF CALIFORNIA, BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Division of Housing Policy Development
1600 Third Street, Suite 430
P.O. Box 92062
Sacramento, CA 94252-2065
(916) 324-3177
FAX (916) 327-2643

AS
ARNOLD SCHWARZENEGGER, Governor



September 29, 2005

Mr. Henry Gardner
Executive Director
Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604-2050

RECEIVED
SEP 30 2005
EXECUTIVE DIRECTOR'S
OFFICE

Dear Mr. Gardner:

Re: ABAG Regional Housing Needs Determination

This letter is in response to your request for an extension for Association of Bay Area Governments' (ABAG) fourth revision of the Regional Housing Needs Determination (RHND), pursuant to Section 65584.02 of the California Government Code. As you know, this statutory provision authorizes such an extension in order to coordinate the RHND process with the next Regional Transportation Plan (RTP) update. The request is to accommodate coordination of the projections and forecasting processes of the next RHND for your region with the Metropolitan Transportation Commission's (MTC's) development of the 2008 RTP.

Based on correspondence, including letters of August 9, 2005 and May 2, 2005, and staff discussions including a consultation between Department and ABAG staff on May 25, 2005, the Department is granting the two-year extension of the housing element due date for jurisdictions within your region, conditioned as outlined below. As a result, the due date for updating housing elements for local governments within ABAG is extended until June 30, 2009. This means the next (fourth) statutory due date for updates of housing elements within the ABAG region, as otherwise set forth in Government Code Section 65588 (e)(2), is extended to June 30, 2009, instead of June 30, 2007.

The RHND process will be implemented consistent with the enclosed schedule (Attachment J), with the identified tasks to be undertaken no later than the dates indicated. During the consultation, ABAG staff agreed the timeline allows sufficient time and flexibility to meet all the deadlines in order for ABAG to adopt a final Regional Housing Needs Allocation (RHNA) no later than June 30, 2008 (12 months prior to the extended housing element update due date of June 30, 2009). As you are aware, jurisdictions within your region may request use of a subregional allocation process; thus the deadlines for this option are included in the enclosure if it is used. If the subregional option is not used, those dates are not applicable. The Department encourages ABAG to assess early on whether there is interest in the subregional process, as it would be necessary to incorporate this process into the methodology for the allocation within the region.

RHNA SCHEDULE

(attachment to letter)

Schedule for ABAG Regional Housing Needs Allocation

Regional Allocation Deadlines		Allocation Deadlines if Subregional Option Used	
2006			
April 30	ABAG/HCD consultation on region's share of statewide housing need [65584.02(b)]		
June 30	ABAG requests information from jurisdictions for developing methodology [65584.04(b)(1)]		
		August 31	Deadline for creating subregional entities [65584.03(a)]
December 31	ABAG develops a proposed methodology [65584.04(a)]; Start of 60-day public comment period about methodology [65584.04(h)]; must include at least one public hearing [65584.04(c)]	December 31	The subregion develops a proposed methodology [65584.04(a)]; Start of 60-day public comment period about methodology [65584.04(h)]; must include at least one public hearing [65584.04(c)]
2007			
January – March	ABAG adopts a final methodology [65584.04(h)]	January – March	Subregion adopts a final methodology [65584.04(h)]
March 1	HCD determination of regional housing need [65584.02(a)(1)]		
		May 1	ABAG determination of housing need assigned to each subregion. At least one public hearing must be held prior to allocation [65584.03(c)].
Prior to June 30	ABAG issues DRAFT RHNA [65584.05(a)].	Prior to June 30	Subregion issues DRAFT RHNAs [65584.05(a)].
Prior to June 30	ABAG reviews DRAFT RHNAs of subregions for compliance with Gov. Code Sec. 65584.03(d); if noncompliant, ABAG completes allocation process for affected jurisdictions		
Prior to August 31	Local jurisdictions may request revisions to DRAFT allocation [65584.05(b)]	Prior to August 31	Local jurisdictions may request revisions to DRAFT allocation [65584.05(b)].
Prior to October 31	ABAG responds to revision requests (within 60 days of submittal) [65584.05(c)]	Prior to October 31	Subregion responds to revision requests (within 60 days of submittal) [65584.05(c)]
December – February	Local jurisdictions may appeal DRAFT RHNA (60 day period)	December – February	Local jurisdictions may appeal DRAFT RHNA (60 day period)
2008			
January- Feb.	Continuation of 60 days for Local jurisdictions to appeal DRAFT RHNA	January- Feb.	Continuation of 60 days for Local jurisdictions to appeal DRAFT RHNA
January – April	ABAG public hearing on appeals (within 60 days after deadline for filing appeal) [65584.05(e)].	January – April	Subregion public hearing on appeals (within 60 days after deadline for filing appeal) [65584.05(e)].
February – April	ABAG issues FINAL RHNA proposal (within 45 days of end of 60-day appeals period) [65584.05(f)].	February – April	Subregion issues FINAL RHNA proposal (within 45 days of end of 60-day appeals period) [65584.05(f)].
February – June	ABAG public hearing to adopt FINAL allocation (within 45 days of issuing final allocation) [65584.05(h)]. Submit adopted Final Allocation to HCD.	February – March (prior to ABAG's)	Subregion public hearing to adopt FINAL allocation (within 45 days of issuing final allocation) [65584.05(h)]. Subregions submit FINAL allocations to ABAG
August	HCD completes review of FINAL RHNA [65584.05(h)].		
2009			
June 30	Adopted Housing Element updates due to HCD, preceded by submittal of draft elements		

Notes: This task schedule supersedes the due dates that would be applicable if the process were to be implemented pursuant to Section 65584 rather than pursuant to Section 65584.02. The planning period for the housing element updates will be July 1, 2009 through June 30, 2014. The allocation period for the ABAG region will be January 1, 2006 through June 30, 2014; these dates represent the date for which the most current estimates of local housing stock will be available from the Department of Finance (DOF), and the end of the planning period, respectively.



Intersections of ABAG'S/ Subregion's RHNA Processes

- Subregions will use results of ABAG's data survey
- ABAG assigns share of the regional housing need to each subregion [March-May 07]
- ABAG reviews each subregion's draft allocation – ABAG may need to allocate for subregion [June 07]
- Subregion submits its final allocation to ABAG for inclusion in regional allocation – ABAG may need to allocate for subregion [April 08]

GOVERNMENT CODE SECTION 65584.03

§ 65584.03.

(c) At least 25 months prior to the scheduled revision, the council of governments shall determine the share of regional housing need assigned to each delegate subregion. The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan. Prior to allocating the regional housing needs to any delegate subregion or subregions, the council of governments shall hold at least one public hearing, and may consider requests for revision of the proposed allocation to a subregion. If a proposed revision is rejected, the council of governments shall respond with a written explanation of why the proposed revised share has not been accepted.



AGENDA ITEM #6

DATA COLLECTION FOR METHODOLOGY FACTORS

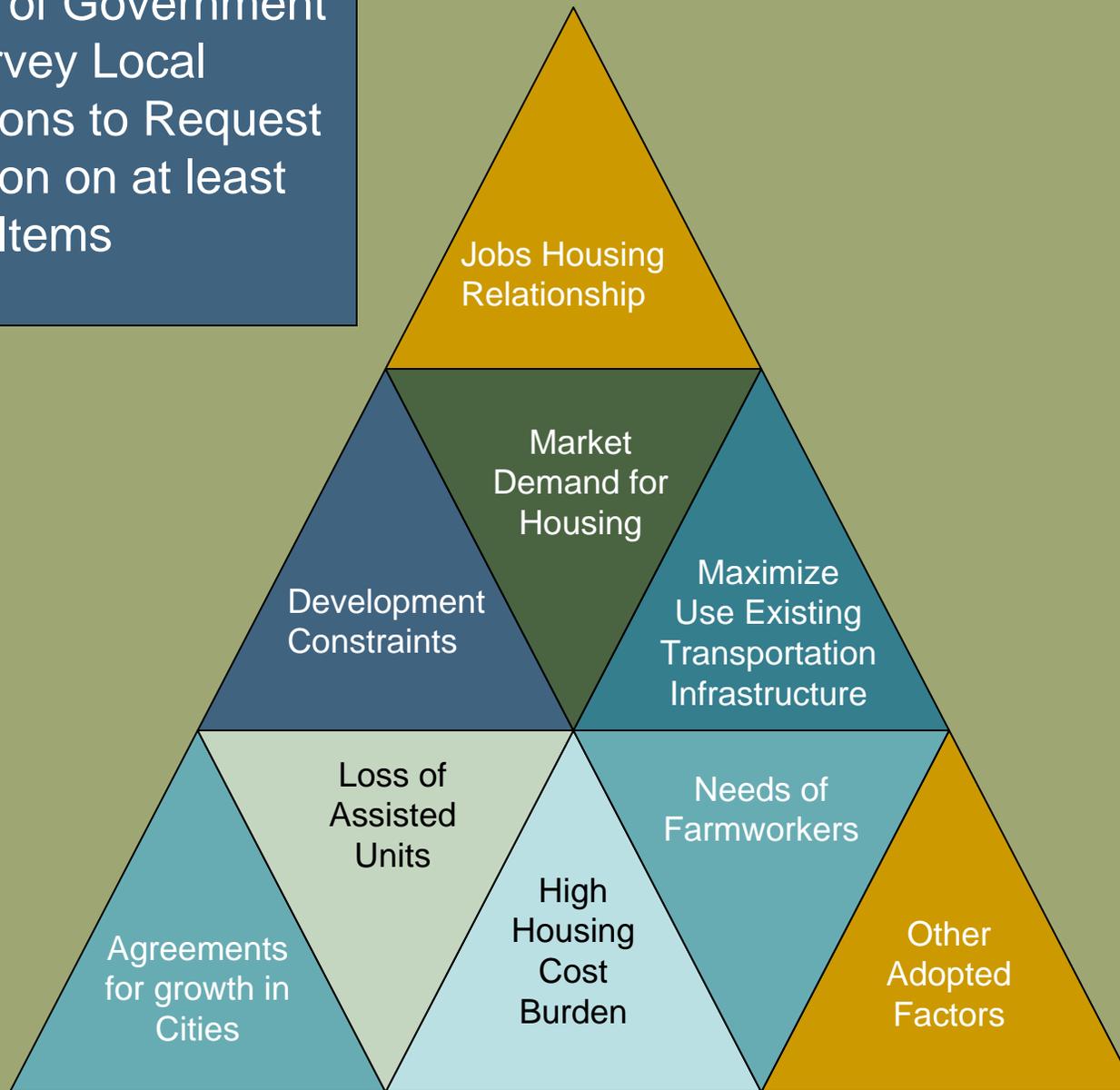
POWERPOINT PRESENTATION

Data Collection and Methodology Factors



Paul Fassinger
Research Director
ABAG
May 25, 2006

Councils of Government
Must Survey Local
Jurisdictions to Request
Information on at least
Nine (9) Items





Survey June 2006

Info from the Survey
Cannot be Used to
Reduce the Total
Need for the Region

Readily Available Data
if Possible

Seek Comparable
Information.

Burden on
Local
Government

Expectations

Statutory
Schedule

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Division of Housing Policy Development

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177
FAX (916) 327-2643



September 29, 2005

Mr. Henry Gardner
Executive Director
Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604-2050

RECEIVED

SEP 30 2005

EXECUTIVE DIRECTOR'S
OFFICE

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The RHND process will be implemented consistent with the enclosed schedule (Attachment I), with the identified tasks to be undertaken no later than the dates indicated. During the consultation, ABAG staff agreed the timeline allows sufficient time and flexibility to meet all the deadlines in order for ABAG to adopt a final Regional Housing Needs Allocation (RHNA) no later than June 30, 2008 (12 months prior to the extended housing element update due date of June 30, 2009). As you are aware, jurisdictions within your region may request use of a subregional allocation process; thus the deadlines for this option are included in the enclosure if it is to be used. If the subregional option is not used, those dates are not applicable. The Department encourages ABAG to assess early on whether there is interest in the subregional process, as it would be necessary to incorporate this process into the methodology for the allocation within the region.

As also discussed, Government Code Section 65584.02(a)(2) requires ABAG to provide additional information to this Department prior to the regional determination by the Department, including data issues and assumptions such as vacancy and replacement allowances, and comparisons between ABAG and DOF population and household assumptions and projections. For the purpose of using the most recent information, the agreement was made that ABAG and this Department will consult on these data assumptions in early 2006.

To ensure the effective implementation of this new collaborative process, it is especially critical that procedural timelines be met. The Department therefore urges you to take every opportunity to work closely with your local government members to undertake the required statutory steps as early as possible. It is also important to do so in a manner whereby the processes and distinctions between the RHNA and RTP forecasting and processes are clear and, while dovetailed, are understandable.

As you know, the extension process was developed by the Housing Element Working Group (Working Group) to facilitate better coordination between housing and transportation planning. The leadership and commitment of Working Group members, including ABAG, were critical to reaching the necessary consensus to adopt comprehensive reforms. The Department also recognizes and appreciates your commitment to support the collaborative efforts and goals to incorporate further improvements to the long-range housing and transportation planning processes.

However, the State continues to face a growing housing crisis that threatens California's economic prosperity and long-term competitiveness as well as the quality of life for all residents. The housing crisis is reflected in declining affordability and increasing home prices. According to the California Association of Realtors, the July 2005 housing affordability index (the percentage of households that can afford a median priced home) dropped to 12 percent for San Francisco Bay Area. In the northern counties of Sonoma and Napa, the affordability has dropped to less than 10 percent.

As a result, it is critical that ABAG reinforce each community's obligation to continue implementing their existing housing elements and approving additional housing to meet existing and projected housing needs. This is especially critical during the extension period, because as you know, the RHNA represents the minimum need for additional housing during the planning period and does not represent a cap. Local governments should also be mindful of Government Code Sections 65008, 65863, 65913, and 65589.5 as they continue implementing their housing elements and considering applications for housing projects.

Mr. Henry Gardner
Page 3

The Department looks forward to continuing working with ABAG on the regional housing need process. If you, or your staff, have any questions, please feel free to contact Linda Wheaton, Assistant Deputy Director, at (916) 327-2642.

Sincerely,



Cathy E. Creswell
Deputy Director

Enclosure

cc: Paul Fassinger, Director, Research and Analysis, ABAG
Janet McBride, Planning Director, ABAG

Attachment I

Schedule for ABAG Regional Housing Needs Allocation

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2009			
June 30	Adopted Housing Element updates due to HCD, preceded by submittal of draft elements		

ABAG Executive Board Meetings

2006		2007		2008	
January 19	July 20	January 18	July 19	January 17	July 17
March 16	September 21	March 15	September 20	March 20	September 18
May 18	November 16	May 17	November 15	May 15	November 20

Notes: This task schedule supercedes the due dates that would be applicable if the process were to be implemented pursuant to Section 65584 rather than pursuant to Section 65584.02. The planning period for the housing element updates will be July 1, 2009 through June 30, 2014. The allocation period for the regional housing need for the ABAG region will be January 1, 2006 through June 30, 2014; these dates represent the date for which the most current estimates of local housing stock will be available from the Department of Finance (DOF), and the end of the planning period, respectively.

EXCERPTS FROM
HOUSING ELEMENT LAW
CALIFORNIA GOVERNMENT CODE
(2006)

§ 65580. Legislative finding

The Legislature finds and declares as follows:

(a) The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order.

(b) The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.

(c) The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government.

(d) Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.

(e) The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

§ 65581. Legislative intent

It is the intent of the Legislature in enacting this article:

(a) To assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goal.

(b) To assure that counties and cities will prepare and implement housing elements which, along with federal and state programs, will move toward attainment of the state housing goal.

(c) To recognize that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal, provided such a determination is compatible with the state housing goal and regional housing needs.

(d) To ensure that each local government cooperates with other local governments in order to address regional housing needs.

§ 65582. Definitions

As used in this article:

(a) "Community," "locality," "local government," or "jurisdiction" means a city, city and county, or county.

(b) "Council of governments" means a single or multicounty council created by a joint powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 1 of Title 1.

(c) "Department" means the Department of Housing and Community Development.

(d) "Housing element" or "element" means the housing element of the community's general plan, as required pursuant to this article and subdivision (c) of Section 65302.

§ 65583. Housing element - OMITTED

§ 65583.1. Authority of city or county to identify adequate sites - OMITTED

§ 65583.2. Sites that can be developed within the planning period that are sufficient to meet jurisdiction's housing needs - OMITTED

§ 65584. City's or county's share of regional housing needs

(a)(1) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the department shall determine the existing and projected need for housing for each region pursuant to this article. For purposes of subdivision (a) of Section 65583, the share of a city or county of the regional housing need shall include that share of the housing need of persons at all income levels within the area significantly affected by the general plan of the city or county.

(2) While it is the intent of the Legislature that cities, counties, and cities and counties should undertake all necessary actions to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need, it is recognized, however, that future housing production may not equal the regional housing need established for planning purposes.

(b) The department, in consultation with each council of governments, shall determine each region's existing and projected housing need pursuant to Section 65584.01 at least two years prior to the scheduled revision required pursuant to Section 65588. The appropriate council of governments, or for cities and counties without a council of governments, the department, shall adopt a final regional housing need plan that allocates a share of the regional housing need to each city, county, or city and county at least one year prior to the scheduled revision for the region required by Section 65588. The allocation plan prepared by a council of governments shall be prepared pursuant to Sections 65584.04 and 65584.05 with the advice of the department.

(c) Notwithstanding any other provision of law, the due dates for the determinations of the department or for the councils of governments, respectively, regarding the regional housing need may be extended by the department by not more than 60 days if the extension will enable access to more recent critical population or housing data from a pending or recent release of the United States Census Bureau or the Department of Finance. If the due date for the determination of the department or the council of governments is extended for this reason, the department shall extend the corresponding housing element revision deadline pursuant to Section 65588 by not more than 60 days.

(d) The regional housing needs allocation plan shall be consistent with all of the following objectives:

(1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low and very low income households.

(2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.

(3) Promoting an improved intraregional relationship between jobs and housing.

(4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.

(e) For purposes of this section, "household income levels" are as determined by the department as of the most recent decennial census pursuant to the following code sections:

(1) Very low incomes as defined by [Section 50105 of the Health and Safety Code](#).

(2) Lower incomes, as defined by [Section 50079.5 of the Health and Safety Code](#).

(3) Moderate incomes, as defined by [Section 50093 of the Health and Safety Code](#).

(4) Above moderate incomes are those exceeding the moderate income level of [Section 50093 of the Health and Safety Code](#).

(f) Notwithstanding any other provision of law, determinations made by the department, a council of governments, or a city or county pursuant to this section or Section 65584.01, 65584.02, 65584.03, 65584.04, 65584.05, 65584.06, or 65584.07 are exempt from the California Environmental Quality Act (Division 13 (commencing with [Section 21000](#)) of the [Public Resources Code](#)).

§ 65584.01. Determination of existing and projected need for regional housing

(a) For the fourth and subsequent revision of the housing element pursuant to Section 65588, the department, in consultation with each council of governments, where applicable, shall determine the existing and projected need for housing for each region in the following manner:

(b) The department's determination shall be based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, in consultation with each council of governments. If the total regional population forecast for the planning period, developed by the council of governments and used for the preparation of the regional transportation plan, is within a range of 3 percent of the total regional population forecast for the planning period over the same time period by the Department of Finance, then the population forecast developed by the council of governments shall be the basis from which the department determines the existing and projected need for housing in the region. If the difference between the total population growth projected by the council of governments and the total population growth projected for the region by the Department of Finance is greater than 3 percent, then the department and the council of governments shall meet to discuss variances in methodology used for population projections and seek agreement on a population projection for the region to be used as a basis for determining the existing and projected housing need for the region. If no agreement is reached, then the population projection for the region shall be the population projection for the region prepared by the Department of Finance as may be modified by the department as a result of discussions with the council of governments.

(c)(1) At least 26 months prior to the scheduled revision pursuant to Section 65588 and prior to developing the existing and projected housing need for a region, the department shall meet and consult with the council of governments regarding the assumptions and methodology to be used by the department to determine the region's housing needs. The council of governments shall provide data assumptions from the council's projections, including, if available, the following data for the region:

(A) Anticipated household growth associated with projected population increases.

(B) Household size data and trends in household size.

(C) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures.

(D) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs.

(E) Other characteristics of the composition of the projected population.

(2) The department may accept or reject the information provided by the council of governments or modify its own assumptions or methodology based on this information. After consultation with the council of governments, the department shall make determinations in writing on the assumptions for each of the factors listed in subparagraphs (A) to (E), inclusive, of paragraph (1) and the methodology it shall use and shall provide these determinations to the council of governments.

(d)(1) After consultation with the council of governments, the department shall make a determination of the region's existing and projected housing need based upon the assumptions and methodology determined pursuant to subdivision (c). Within 30 days following notice of the determination from the department, the council of governments may file an objection to the department's determination of the region's existing and projected housing need with the department.

(2) The objection shall be based on and substantiate either of the following:

(A) The department failed to base its determination on the population projection for the region established pursuant to subdivision (b), and shall identify the population projection which the council of governments believes should instead be used for the determination and explain the basis for its rationale.

(B) The regional housing need determined by the department is not a reasonable application of the methodology and assumptions determined pursuant to subdivision (c). The objection shall include a proposed alternative determination of its regional housing need based upon the determinations made in subdivision (c), including analysis of why the proposed alternative would be a more reasonable application of the methodology and assumptions determined pursuant to subdivision (c).

(3) If a council of governments files an objection pursuant to this subdivision and includes with the objection a proposed alternative determination of its regional housing need, it shall also include documentation of its basis for the alternative determination. Within 45 days of receiving an objection filed pursuant to this section, the department shall consider the objection and make a final written determination of the region's existing and projected housing need that includes an explanation of the information upon which the determination was made.

§ 65584.02. Alternative process for determining regional housing needs

(a) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the existing and projected need for housing may be determined for each region by the department as follows, as an alternative to the process pursuant to Section 65584.01:

(1) In a region in which at least one subregion has accepted delegated authority pursuant to Section 65584.03, the region's housing need shall be determined at least 26 months prior to the housing element update deadline pursuant to Section 65588. In a region in which no subregion has accepted delegation pursuant to Section 65584.03, the region's housing need shall be determined at least 24 months prior to the housing element deadline.

(2) At least six months prior to the department's determination of regional housing need pursuant to paragraph (1), a council of governments may request the use of population and household forecast assumptions used in the regional transportation plan. For a housing element update due date pursuant to Section 65588 that is prior to January 2007, the department may approve a request that is submitted prior to December 31, 2004, notwithstanding the deadline in this paragraph. This request shall include all of the following:

(A) Proposed data and assumptions for factors contributing to housing need beyond household growth identified in the forecast. These factors shall include allowance for vacant or replacement units, and may include other adjustment factors.

(B) A proposed planning period that is not longer than the period of time covered by the regional transportation improvement plan or plans of the region pursuant to Section 14527, but a period not less than five years, and not longer than six years.

(C) A comparison between the population and household assumptions used for the Regional Transportation Plan with population and household estimates and projections of the Department of Finance.

The council of governments may include a request to extend the housing element deadline pursuant to Section 65588 to a date not to exceed two years, for the purpose of coordination with the scheduled update of a regional transportation plan pursuant to federal law.

(b) The department shall consult with the council of governments regarding requests submitted pursuant to paragraph (2) of subdivision (a). The department may seek advice and consult with the Demographic Research Unit of the Department of Finance, the State Department of Transportation, a representative of a contiguous council of governments, and any other party as deemed necessary. The department may request that the council of governments revise data, assumptions, or methodology to be used for the determination of regional housing need, or may reject the request submitted pursuant to paragraph (2) of subdivision (a). Subsequent to consultation with the council of governments, the department will respond in writing to requests submitted pursuant to paragraph (1) of subdivision (a).

(c) If the council of governments does not submit a request pursuant to subdivision (a), or if the department rejects the request of the council of governments, the determination for the region shall be made pursuant to Sections 65584 and 65584.01.

§ 65584.03. Subregional entities

(a) At least 28 months prior to the scheduled housing element update required by Section 65588, at least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to Section 65584.04. The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion. A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments. All decisions of the subregion shall be approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties.

(b) Upon formation of the subregional entity, the entity shall notify the council of governments of this formation. If the council of governments has not received notification from an eligible subregional entity at least 28 months prior to the scheduled housing element update required by Section 65588, the council of governments shall implement the provisions of Sections 65584 and 65584.04. The delegate subregion and the council of governments shall enter into an agreement that sets forth the process, timing, and other terms and conditions of the delegation of responsibility by the council of governments to the subregion.

(c) At least 25 months prior to the scheduled revision, the council of governments shall determine the share of regional housing need assigned to each delegate subregion. The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan. Prior to allocating the regional housing needs to any delegate subregion or subregions, the council of governments shall hold at least one public hearing, and may consider requests for revision of the proposed

allocation to a subregion. If a proposed revision is rejected, the council of governments shall respond with a written explanation of why the proposed revised share has not been accepted.

(d) Each delegate subregion shall fully allocate its share of the regional housing need to local governments within its subregion. If a delegate subregion fails to complete the regional housing need allocation process among its member jurisdictions in a manner consistent with this article and with the delegation agreement between the subregion and the council of governments, the allocations to member jurisdictions shall be made by the council of governments.

§ 65584.04. Development of methodology for distributing regional housing need to cities and counties

(a) At least two years prior to a scheduled revision required by Section 65588, each council of governments, or delegate subregion as applicable, shall develop a proposed methodology for distributing the existing and projected regional housing need to cities, counties, and cities and counties within the region or within the subregion, where applicable pursuant to this section. The methodology shall be consistent with the objectives listed in subdivision (d) of Section 65584.

(b)(1) No more than six months prior to the development of a proposed methodology for distributing the existing and projected housing need, each council of governments shall survey each of its member jurisdictions to request, at a minimum, information regarding the factors listed in subdivision (d) that will allow the development of a methodology based upon the factors established in subdivision (d).

(2) The council of governments shall seek to obtain the information in a manner and format that is comparable throughout the region and utilize readily available data to the extent possible.

(3) The information provided by a local government pursuant to this section shall be used, to the extent possible, by the council of governments, or delegate subregion as applicable, as source information for the methodology developed pursuant to this section. The survey shall state that none of the information received may be used as a basis for reducing the total housing need established for the region pursuant to Section 65584.01.

(4) If the council of governments fails to conduct a survey pursuant to this subdivision, a city, county, or city and county may submit information related to the items listed in subdivision (d) prior to the public comment period provided for in subdivision (c).

(c) Public participation and access shall be required in the development of the methodology and in the process of drafting and adoption of the allocation of the regional housing needs. Participation by organizations other than local jurisdictions and councils of governments shall be solicited in a diligent effort to achieve public participation of all economic segments of the community. The proposed methodology, along with any relevant underlying data and assumptions, and an explanation of how information about local government conditions gathered pursuant to subdivision (b) has been used to develop the proposed methodology, and how each of the factors listed in subdivision (d) is incorporated into the methodology, shall be distributed to all cities, counties, any subregions, and members of the public who have made a written request for the proposed methodology. The council of governments, or delegate subregion, as applicable, shall conduct at least one public hearing to receive oral and written comments on the proposed methodology.

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs:

(1) Each member jurisdiction's existing and projected jobs and housing relationship.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following:

(A) Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

(B) The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.

(C) Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

(D) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

(3) The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

(4) The market demand for housing.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

(6) The loss of units contained in assisted housing developments, as defined in paragraph (8) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

(7) High housing costs burdens.

(8) The housing needs of farmworkers.

(9) Any other factors adopted by the council of governments.

(e) The council of governments, or delegate subregion, as applicable, shall explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of Section 65584. The methodology may include numerical weighting.

(f) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by a city or county shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

(g) In addition to the factors identified pursuant to subdivision (d), the council of governments, or delegate subregion, as applicable, shall identify any existing local, regional, or state incentives, such as a priority for funding or other incentives available to those local governments that are willing to accept a higher share than proposed in the draft allocation to those local governments by the council of governments or delegate subregion pursuant to Section 65584.05.

(h) Following the conclusion of the 60-day public comment period described in subdivision (c) on the proposed allocation methodology, and after making any revisions deemed appropriate by the council of governments, or delegate subregion, as applicable, as a result of comments received during the public comment period, each council of governments, or delegate subregion, as applicable, shall adopt a final

regional, or subregional, housing need allocation methodology and provide notice of the adoption of the methodology to the jurisdictions within the region, or delegate subregion as applicable, and to the department.

§ 65584.05. Distribution of draft allocation of regional housing needs to local governments

(a) At least one and one-half years prior to the scheduled revision required by Section 65588, each council of governments and delegate subregion, as applicable, shall distribute a draft allocation of regional housing needs to each local government in the region or subregion, where applicable, based on the methodology adopted pursuant to Section 65584.04. The draft allocation shall include the underlying data and methodology on which the allocation is based. It is the intent of the Legislature that the draft allocation should be distributed prior to the completion of the update of the applicable regional transportation plan. The draft allocation shall distribute to localities and subregions, if any, within the region the entire regional housing need determined pursuant to Section 65584.01 or within subregions, as applicable, the subregion's entire share of the regional housing need determined pursuant to Section 65584.03.

(b) Within 60 days following receipt of the draft allocation, a local government may request from the council of governments or the delegate subregion, as applicable, a revision of its share of the regional housing need in accordance with the factors described in paragraphs (1) to (9), inclusive, of subdivision (d) of Section 65584.04, including any information submitted by the local government to the council of governments pursuant to subdivision (b) of that section. The request for a revised share shall be based upon comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation.

(c) Within 60 days after the request submitted pursuant to subdivision (b), the council of governments or delegate subregion, as applicable, shall accept the proposed revision, modify its earlier determination, or indicate, based upon the information and methodology described in Section 65584.04, why the proposed revision is inconsistent with the regional housing need.

(d) If the council of governments or delegate subregion, as applicable, does not accept the proposed revised share or modify the revised share to the satisfaction of the requesting party, the local government, may appeal its draft allocation based upon either or both of the following criteria:

(1) The council of governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) of Section 65584.04, or a significant and unforeseen change in circumstances has occurred in the local jurisdiction that merits a revision of the information submitted pursuant to that subdivision.

(2) The council of governments or delegate subregion, as applicable, failed to determine its share of the regional housing need in accordance with the information described in, and the methodology established pursuant to Section 65584.04.

(e) The council of governments or delegate subregion, as applicable, shall conduct public hearings to hear all appeals within 60 days of the date established to file appeals. The local government shall be notified within 10 days by certified mail, return receipt requested, of at least one public hearing on its appeal. The date of the hearing shall be at least 30 days and not more than 35 days from the date of the notification. Before taking action on an appeal, the council of governments or delegate subregion, as applicable, shall consider all comments, recommendations, and available data based on accepted planning methodologies submitted by the appellant. The final action of the council of governments or delegate subregion, as applicable, on an appeal shall be in writing and shall include information and other evidence explaining how its action is consistent with this article. The final action on an appeal may require the council of governments or delegate subregion, as applicable, to adjust the allocation of a local government that is not the subject of an appeal.

(f) The council of governments or delegate subregion, as applicable, shall issue a proposed final allocation within 45 days of the completion of the 60-day period for hearing appeals. The proposed final

allocation plan shall include responses to all comments received on the proposed draft allocation and reasons for any significant revisions included in the final allocation.

(g) In the proposed final allocation plan, the council of governments or delegate subregion, as applicable, shall adjust allocations to local governments based upon the results of the appeals process specified in this section. If the adjustments total 7 percent or less of the regional housing need determined pursuant to Section 65584.01, or, as applicable, total 7 percent or less of the subregion's share of the regional housing need as determined pursuant to Section 65584.03, then the council of governments or delegate subregion, as applicable, shall distribute the adjustments proportionally to all local governments. If the adjustments total more than 7 percent of the regional housing need, then the council of governments or delegate subregion, as applicable, shall develop a methodology to distribute the amount greater than the 7 percent to local governments. In no event shall the total distribution of housing need equal less than the regional housing need, as determined pursuant to Section 65584.01, nor shall the subregional distribution of housing need equal less than its share of the regional housing need as determined pursuant to Section 65584.03. Two or more local governments may agree to an alternate distribution of appealed housing allocations between the affected local governments. If two or more local governments agree to an alternative distribution of appealed housing allocations that maintains the total housing need originally assigned to these communities, then the council of governments shall include the alternative distribution in the final allocation plan.

(h) Within 45 days of the issuance of the proposed final allocation plan by the council of governments and each delegate subregion, as applicable, the council of governments shall hold a public hearing to adopt a final allocation plan. To the extent that the final allocation plan fully allocates the regional share of statewide housing need, as determined pursuant to Section 65584.01, the council of governments shall have final authority to determine the distribution of the region's existing and projected housing need as determined pursuant to Section 65584.01. Within 60 days of adoption by the council of governments, the department shall determine whether or not the final allocation plan is consistent with the existing and projected housing need for the region, as determined pursuant to Section 65584.01. The department may revise the determination of the council of governments if necessary to obtain this consistency.

(i) Any authority of the council of governments to review and revise the share of a city or county of the regional housing need under this section shall not constitute authority to revise, approve, or disapprove the manner in which the share of the city or county of the regional housing need is implemented through its housing program.

§ 65584.06. Distribution of housing needs for cities and counties without council of governments - OMITTED

§ 65584.07. Conditions for reducing share of regional housing needs of county

(a) During the period between adoption of a final regional housing needs allocation until the due date of the housing element update pursuant to Section 65588, the council of governments, or the department, whichever assigned the county's share, shall reduce the share of regional housing needs of a county if all of the following conditions are met:

(1) One or more cities within the county agree to increase its share or their shares in an amount equivalent to the reduction.

(2) The transfer of shares shall only occur between a county and cities within that county.

(3) The county's share of low-income and very low income housing shall be reduced only in proportion to the amount by which the county's share of moderate- and above moderate-income housing is reduced.

(4) The council of governments or the department, whichever assigned the county's share, shall approve the proposed reduction, if it determines that the conditions set forth in paragraphs (1), (2), and (3) above have been satisfied. The county and city or cities proposing the transfer shall submit an analysis of the

factors and circumstances, with all supporting data, justifying the revision to the council of governments or the department. The council of governments shall submit a copy of its decision regarding the proposed reduction to the department.

(b) The county and cities which have executed transfers of regional housing need pursuant to this section shall amend their housing elements and submit them to the department for review pursuant to Section 65585.

All materials and data used to justify any revision shall be made available upon request to any interested party within seven days upon payment of reasonable costs of reproduction unless the costs are waived due to economic hardship. A fee may be charged to interested parties for any additional costs caused by the amendments made to former subdivision (c) of Section 65584 that reduced from 45 to 7 days the time within which materials and data were required to be made available to interested parties.

(c) In the event an incorporation of a new city occurs after the council of governments, or the department for areas with no council of governments, has made its final allocation under this section, the city and county may reach a mutually acceptable agreement on a revised determination and report the revision to the council of governments and the department, or to the department for areas with no council of governments. If the affected parties cannot reach a mutually acceptable agreement, then either party may request the council of governments, or the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and make the revised determination.

The revised determination shall be made within one year of the incorporation of the new city based upon the methodology described in subdivision (a) and shall reallocate a portion of the affected county's share of regional housing needs to the new city. The revised determination shall neither reduce the total regional housing needs nor change the previous allocation of the regional housing needs assigned by the council of governments or the department, where there is no council of governments, to other cities within the affected county.

§ 65584.1. Fees to cover costs of distributing regional housing needs - OMITTED

§ 65584.2. Review or appeal of allocation data pertaining to locality's share of regional housing needs - OMITTED

§ 65584.3. (Operative date contingent)Housing element adopted by city incorporated to promote commerce and industry in Los Angeles County - OMITTED

§ 65584.4 [Blank]

§ 65584.5. Transfer of share of regional housing needs to another city or county

(a) A city or county may transfer a percentage of its share of the regional housing needs to another city or county, if all of the following requirements are met:

(1) Both the receiving city or county and the transferring city or county comply with all of the conditions specified in subdivision (b).

(2) The council of governments or the department reviews the findings made pursuant to paragraph (2) of subdivision (c).

(3) The transfer does not occur more than once in a five-year housing element interval pursuant to subdivision (b) of Section 65588.

(4) The procedures specified in subdivision (c) are met.

(b)(1) Except as provided in paragraph (5) of subdivision (c) of Section 65584, a city or county transferring a share of its regional housing needs shall first have met, in the current or previous housing element cycle, at least 15 percent of its existing share of the region's affordable housing needs, as defined in Section 65584, in the very low and lower income category of income groups defined in [Section 50052.5 of the Health and Safety Code](#) if it proposes to transfer not more than 15 percent. In no event, however, shall the city or county transfer more than 500 dwelling units in a housing element cycle.

(2) A city or county shall transfer its regional housing needs in the same proportion by income group as the jurisdiction has met its regional housing needs.

(3) The transfer shall be only between jurisdictions that are contiguously situated or between a receiving city or county that is within 10 miles of the territory of the community of the donor city or county. If both the donor community and receiving community are counties, the donor county shall be adjacent to, in the same council of governments region as, and in the same housing market as, the receiving county. The sites on which any transferred housing units will be constructed shall be in the receiving city or county, and within the same housing market area as the jurisdiction of the donor city or county.

(4) The transferring and receiving city or county shall have adopted, and shall be implementing, a housing element in substantial compliance with Section 65583.

(5) The transferring city or county and the receiving city or county shall have completed, and provided to the department, the annual report required by subdivision (b) of Section 65400.

(c)(1) The donor city or county and the receiving city or county shall, at least 45 days prior to the transfer, hold a public hearing, after providing notice pursuant to Section 6062, to solicit public comments on the draft contract, including its terms, conditions, and determinations.

(2) The transferring and the receiving city or county shall do all of the following:

(A) Adopt a finding, based on substantial evidence on the record, that the transfer of the regional housing need pursuant to the terms of the agreement will not cause or exacerbate racial, ethnic, or economic segregation and will not create a detrimental financial impact upon the receiving city or county.

(B) Adopt a finding, based on substantial evidence on the record, that the transfer of the regional housing need will result in the construction of a greater number of similar type dwelling units than if the transfer does not occur.

(3)(A) The transferring city or county and the receiving city or county shall enter into an agreement to transfer units eligible under subdivision (b). A copy of this agreement shall be sent to the council of governments and the department to be kept on file for public examination.

(B) The agreement shall include a plan and schedule for timely construction of dwelling units, including, in addition to site identification, identification of and timeframes for applying for sufficient subsidy or mortgage financing if the units need a subsidy or mortgage financing, and a finding that sufficient services and public facilities will be provided.

(4) At least 60 days prior to the transfer, the receiving city or county planning agency and the transferring city or county planning agency shall submit to the department a draft amendment to reflect the identified transferred units. A transferring agency may reduce its housing needs only to the extent that it had not previously reduced its housing needs pursuant to paragraph (2) of subdivision (b) of Section 65583. A county planning agency that has its share of the regional housing need reduced pursuant to paragraph (5) of subdivision (c) of Section 65584 shall comply with this section. A receiving city or county shall, in addition to any other provisions of the article, identify in its housing element sufficient sites to meet its initial low- and moderate-income housing needs and sufficient sites to meet all transferred housing needs.

(5) The department shall review the draft amendment and report its written findings to the planning agency within 45 days of its receipt.

(6) The department's review shall follow the same procedure, requirements, and responsibilities of Sections 65583, 65585, 65587, and 65589.3. The court shall consider any written findings submitted by the department.

(d) No transfer made pursuant to this section shall affect the plans for a development that have been submitted to a city or county for approval 45 days prior to the adoption of the amendment to the housing element.

(e) No transfer made pursuant to this section shall be counted toward any ordinance or policy of a locality that specifically limits the number of units that may be constructed.

(f) The Attorney General or any other interested person shall have authority to enforce the terms of the agreement and the provisions of this section.

(g) For a period of five years after the transfer occurs, the report required by subdivision (b) of Section 65400 shall include information on the status of transferred units, implementation of the terms and conditions of the transfer contract, and information on any dwelling units actually constructed, including the number, type, location, and affordability requirements in place for these units.

(h)(1) At least 60 days prior to the proposed transfer, the donor city or county shall submit the proposed agreement to the council of governments, or to the department if there is no council of governments that serves the city or county, for review. The governing board of the council or the director shall determine whether there is substantial evidence to support the terms, conditions, and determinations of the agreement and whether the agreement complies with the substantive and procedural requirements of this section. If the council or the director finds that there is substantial evidence to support the terms, conditions, and determinations of the agreement, and that the agreement complies with the substantive and procedural requirements of this section, the participating jurisdictions may proceed with the agreement. If the governing board or the director finds that there is not substantial evidence to support the terms, conditions, and findings of the agreement, or that the agreement does not comply with the substantive and procedural requirements of this section, the board or the director may make recommendations for revising or terminating the agreement. The participating jurisdictions shall then include those revisions, if any, or terminate the agreement.

(2) The council or the director may convene a committee to advise the council or the director in conducting this review. The donor city or county and the receiving community shall pay the council's or the department's costs associated with the committee. Neither the donor city or county, nor the receiving city or county, may expend moneys in its Low and Moderate Income Housing Fund of its redevelopment agency for costs associated with the committee.

(3) Membership of the committee appointed pursuant to paragraph (2) shall include all of the following:

(A) One representative appointed by the director.

(B) One representative appointed by the donor agency.

(C) One representative appointed by the receiving community.

(D) Two low- and moderate-income housing advocates, appointed by the director, who represent those persons in that region.

(i)(1) The receiving city or county shall construct the housing units within three years of the date that the transfer contract is entered into pursuant to this section. This requirement shall be met by documenting that a building permit has been issued and all fees have been paid.

(2) Any portion of a regional share allocation that is transferred to another jurisdiction, and that is not constructed within the three-year deadline set forth in paragraph (1), shall be reallocated by the council of governments to the transferring city or county, and the transferring city or county shall modify its zoning ordinance, if necessary, and amend its housing element to reflect the reallocated units.

(3) If, at the end of the five-year housing element planning period, any portion of a regional share allocation that is transferred to another jurisdiction is not yet constructed, the council of governments shall add the unbuilt units to the normal regional fair share allocation and reallocate that amount to either of the following:

(A) The receiving city, if the three-year deadline for construction has not yet occurred; or

(B) The transferring city, if the three-year deadline for construction has occurred.

(4) If the transferred units are not constructed within three years, the nonperforming jurisdictions participating in the transfer of regional share allocations shall be precluded from transferring their regional shares, pursuant to this section, for the planning period of the next periodic update of the housing element.

(j) On or after January 1, 2000, no transferring city or county shall enter into an agreement pursuant to this section unless a later enacted statute, which is enacted before January 1, 2000, deletes or extends that date.

(k) If Article XXXIV of the California Constitution is applicable, the receiving city or county shall certify that it has sufficient authority under Article XXXIV of the California Constitution to allow development of units transferred pursuant to this section.

(l) The receiving city or county shall not, within three years of the date of the transfer agreement entered into pursuant to this section, or until transferred units are constructed, whichever is longer, enter into a contract to transfer units outside the territorial jurisdiction of the agency pursuant to this section.

(m) Communities that have transferred a portion of their share of the regional housing need to another city or county pursuant to this section shall comply with all other provisions of law for purposes of meeting the remaining regional housing need not transferred, including compliance with the provisions of Section 65589.5.

(n) As used in this section, "housing market area" means the area determined by a council of governments or the department pursuant to Section 65584, and based upon market demand for housing, employment opportunities, the availability of suitable sites and public facilities, and commuting patterns.

(o) This section shall not be construed to interfere with the right of counties to transfer shares of regional housing needs pursuant to paragraph (5) of subdivision (c) of Section 65584.

From

§ 65584.6. Use by Napa County of funds for affordable housing units to meet part of its share of regional need for lower income housing - OMITTED

to and including

§ 65589.8. Satisfaction of local affordable housing unite requirement by construction of rental housing
- OMITTED



Housing Methodology Committee

Meeting - May 25, 2006

12:00 noon – 2:00 p.m.

MetroCenter - 101 8th Street, Oakland, CA

Claremont Room, 2nd Floor

Meeting Summary

Call to Order/Introductions

The meeting began with introductions of member representatives, interested parties, and ABAG staff. Paul Fassinger, Research Director at the Association of Bay Area Governments (ABAG) provided an overview of the Meeting Agenda.

Overview

Housing- RHNA/Focusing Our Vision/Projections 2007: Mr. Fassinger provided an overview of the relationship between the Regional Housing Needs Allocation (RHNA) process, the Focusing Our Vision (*Focus*) project, and Projections 2007. He indicated that RHNA is a state-mandated process geared to allocate housing to jurisdictions and that the process incorporates a 6 ½ year cycle. As the Bay Area's regional Council of Governments, ABAG is responsible for distributing the regional housing allocation provided by the State of California to the region's jurisdictions.

Mr. Fassinger described the Focus project as a long-term planning project geared to establishing a shared regional vision and the identification of Priority Development Areas and Priority Conservation Areas. The project has a primary housing focus, but incorporates a number of other key components including transportation and environmental issues. Focus builds upon the Smart Growth Livability Footprint Project and related principles adopted by ABAG, MTC, and the Bay Area Air Quality Management District in 2002. Projections is ABAG's official demographic forecast. Projections 2007 will incorporate existing land use information, general plans, development pipeline information, Smart Growth Footprint Project principles (Smart Growth Principles), and revisions to the Smart Growth Principles.

RHNA

In addition to the general overview of RHNA described above, Mr. Fassinger described specific issues pertaining to the upcoming (4th) Regional Housing Needs Allocation Cycle. The 4th revision of RHNA incorporates a number of changes and provides for potentially greater opportunities for regional input relative to the factors utilized to develop the RHNA allocation methodology. Policies developed by the California Department of Housing and Community Development (HCD) call for a survey of jurisdictions relative to issues that could serve as potential factors for developing the allocation methodology that will be used to distribute the regional housing number. The Housing Methodology Committee (HMC) role will be to advise ABAG staff on the development of the RHNA methodology.

Committee Procedures

The role and related procedures for the HMC were described by Mr. Fassinger. The HMC includes staff and elected officials from each county as well as interested stakeholder groups representing a range of issues including affordable housing, the environment, housing industry, and smart growth issues. The makeup of the HMC will provide ABAG staff with local knowledge about housing issues and serve to help ensure the methodology adequately reflects the goals and needs of local communities.

The HMC will likely meet monthly, with the possibility of more frequent meetings if needed. Meetings will continue through November 2006. Because the issues associated with RHNA and Focus are closely related, the advisory committees for both projects will work together as much as possible.

Subregional Allocation

Kenneth Moy, ABAG Legal Counsel, provided an overview of the large number of issues pertaining to Subregional Allocations. Changes to Housing Element law enacted in 2004 provide an opportunity for local jurisdictions to perform housing need allocations at the subregional level. The deadline for creating new subregions is August 31, 2006. An informational/organizational meeting is scheduled for June 16th, 2006 at the ABAG/MTC MetroCenter.

Subregional Allocation Issues that the HMC will need to consider or be aware of:

- How a subregion is defined (do jurisdictions have to be contiguous, are subregions that cross counties possible?).
- How to assign affordability shares to subregions and remaining ABAG region?
- Each subregion must allocate its own share.
- Relationship of subregional allocation provision to transfer provision per state Housing Element law.
- Timing/Format for potential re-absorption of Subregions into ABAG region that are not successfully implemented.

Break

Data Collection for Methodology Factors

Paul Fassinger provided an overview of how Data will be collected relative to potential Housing Methodology Factors. Mr. Fassinger indicated that nine factors were required under state law and that any other factors that the HMC might recommend would require the approval of the ABAG Executive Board. Factors would be determined based upon a survey of relevant factors for which a comparison could be made amongst the region's jurisdictions. An example provided by HCD is sewer availability.

Data Collection Issues:

- Survey Data for Factors will need to be provided by all jurisdictions in the same format. This fact combined with the need to identify factors that are comparable

amongst jurisdictions across the region will likely result in a relatively small number of potential factors.

- Constraints in some communities cannot reduce the size of the number the state allocates to the Region.

Specific Areas of Concern from Committee Members

Schedule of Meetings and Proposed Topics

HMC Meetings will be on the following dates all of which are coordinated with the Focusing Our Vision Technical Advisory Committee (FOVTAC) meetings which will be scheduled from 1:00 pm -4:00 pm following the HMC meetings. FOVTAC is slated to have its meetings at the SF Bay Conservation Development Commission (BCDC) in San Francisco. The HMC discussed the benefits of this location vs. an East Bay location. ABAG staff indicated that they would consider potential options and report back to the HMC.

DATES:

June 29

July 27

August 24

September 28

October 26

November 30

These dates are all Thursdays.

TIME: 10:00 a.m. to 12:00 noon

- Potential Survey Factors will be sent to HMC Members in early June for Feedback at the June 29th meeting.
- The HMC will have a Joint Meeting (perhaps late Summer) with the FOVTAC.
- The HMC Roster will be distributed to members and other interested parties.
- Allocation Factors and Distribution will be described in more detail at HMC's June meeting.

HMC Members requested that:

- Clarification on the part of HCD as to whether or not the current RHNA cycle has been extended by 2 years relative to the time period in which jurisdictions can achieve their allocation.
- Concern that, given the parameters provided by HCD, data for the methodology factors might not be utilized and would require significant input and time on the part of jurisdictional staff.
- Jurisdictions not be requested to feed back information that is ABAG-generated such as jobs-housing balance numbers, unless the jurisdictions have conflicting information of their own.

- Subregional issues at upcoming meetings be specific to the interaction of how the subregional allocation would relate to the ABAG regional allocation, and not include information on “how to form a subregion” given that there is a separate process for interested communities.
- More detailed information be provide relative to jurisdictional transfers.
- Jobs/Housing balance be considered in allocation process.
- Housing Needs of Seniors be adequately considered in allocation process.